

**Exhibit \_ (KRK-5A)**

**Originally Filed As Exhibit No. \_ (KRK-4) to the  
Direct Testimony of  
Kevin R. Kochems  
on Behalf of  
South Carolina Electric & Gas Company in  
Docket No. 2017-370-E**

Westinghouse/CB&amp;I Stone &amp; Webster – Proprietary &amp; Confidential



Westinghouse Electric Company  
Nuclear Power Plants  
1000 Westinghouse Drive, Suite 112  
Cranberry Township, PA 16066  
USA

Mr. Abney A. Smith  
South Carolina Electric & Gas Company  
New Nuclear Deployment  
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Our Reference: VSP\_VSG\_002968

VIA: E-Mail

September 25, 2014

**Subject:** First and Second Notices of Unpaid CB&I Stone & Webster, Inc. Invoices Pursuant to Section 8.4(c) of the EPC Agreement

**References:**

- 1) Engineering, Procurement, and Construction Agreement for AP1000® Nuclear Power Plants, Dated May 23, 2008 – V.C. Summer Units 2 and 3 (“Agreement”)
- 2) CB&I Stone & Webster Invoice No. 1529816 due August 29, 2013 for \$52,473
- 3) NND-13-0478, “CB&I/Stone & Webster Target Invoice 1529816-R8-00360,” Dated August 22, 2013
- 4) CB&I Stone & Webster Invoice No. 1602383 due December 1, 2013 for \$360,549
- 5) NND-13-0694, “Partial Return of CB&I/Stone & Webster Target Price Invoice 1602383-R8-00360, dated November 11, 2013,” Dated November 25, 2013
- 6) CB&I Stone & Webster Invoice No. 1620649 due December 26, 2013 for \$15,984
- 7) NND-13-0746, “Partial Return of CB&I/Stone & Webster Target Price Invoice 1620649-R8-00360, dated December 6, 2013,” Dated December 19, 2013
- 8) CB&I Stone & Webster Invoice No. 1646382 due January 30, 2014 for \$80,333
- 9) NND-14-0046, “Partial Return of CB&I/Stone & Webster Target Price Invoice 1646382-R8-00360, dated January 10, 2014,” Dated January 27, 2014
- 10) CB&I Stone & Webster Invoice No. 1669753-R8-00360, due February 27, 2014 for \$85,101
- 11) NND-14-0097, “Partial Return of CB&I/Stone & Webster Target Price Invoice 1669753-R8-00360, dated February 10, 2014,” Dated February 24, 2014
- 12) CB&I Stone & Webster Invoice No. 1697884-R8-00360, due March 27, 2014 for \$116,675

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CB&I Stone & Webster, Inc.

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- 13) NND-14-0157, "Partial Return of CB&I/Stone & Webster Target Price Invoice 1697884-R8-00360," dated March 7, 2014," Dated March 21, 2014
- 14) CB&I Stone & Webster Invoice No. 1716927 due April 24, 2014 for \$46,713
- 15) NND-14-0213, "Partial Return of CB&I/Stone & Webster Target Price Invoice 1716927-R8-00360, dated April 4, 2014," Dated April 21, 2014
- 16) VSP\_VSG\_002753, "Section 8.4 of the Agreement," Dated May 7, 2014
- 17) VSP\_VSG\_002757, "Response to NND-14-0213, 'Partial Return of CB&I/Stone & Webster Target Price Invoice 1716927-R8-00360, dated April 4, 2014'," Dated May 8, 2014
- 18) CB&I Stone & Webster Invoice No. 1756516 due May 26, 2014 for \$20,072
- 19) NND-14-0286, "Partial Return of CB&I/Stone & Webster Target Price Invoice 1756516-R8-00360, dated May 6, 2014," Dated May 20, 2014
- 20) VSP\_VSG\_002783, "Response to NND-14-0286, 'Partial Return of CB&I/Stone & Webster Target Price Invoice 1756516-R8-00360, dated May 6, 2014'," Dated May 30, 2014
- 21) CB&I Stone & Webster Invoice No. 1794841 due July 25, 2014 for \$26,564,853
- 22) NND-14-0375, "Return of CB&I/Stone & Webster, Inc. F.1.5 Milestone Invoice 1794841-R8-00361, dated June 25, 2014," Dated June 30, 2014
- 23) CB&I Stone & Webster Invoice No. 1798659 due July 31, 2014 for \$571,526
- 24) NND-14-0411, "July 2014 Escalation for EPC F.1.3 and F.1.5 Invoices," Dated July 16, 2014
- 25) CB&I Stone & Webster Invoice No. 1832044 due August 28, 2014 for \$2,440,778
- 26) NND-14-0497, "Partial Return of CB&I/Stone & Webster Target Price Invoice 1832044-R8-00360, dated August 8, 2014," Dated August 25, 2014

**Action:** Remit Payment of Invoices Contained Herein in Accordance with Section 8.4(c)

Dear Mr. Smith:

There has been considerable correspondence between Contractor and Owner concerning Owner's refusal to pay various invoices due to Contractor, including but not limited to, the correspondence and invoices referenced above. The listed invoices do not include the unpaid CB&I Stone & Webster, Inc. (Stone & Webster) invoices which Contractor understands will be paid upon the execution of Change Orders No. 16 and 17.

Contractor, specifically Stone & Webster, has made its position clear with respect to our entitlement to payment under the Agreement and therefore do not believe it constructive to continue further dialogue on this issue. Suffice to say, the Owner has not provided a valid contractual basis under the Agreement justifying its refusal to pay the full amount of the invoices submitted. Assuming there was a valid, good faith, contractual dispute between the Parties, the Owner is still obligated to pay the entire disputed amount under \$1,000,000 and ninety percent (90%) of any disputed amount exceeding \$1,000,000. Owner's position that it can deem an invoice "deficient" or otherwise withhold all or partial payments is not grounded in either the intent or the plain language of the Agreement. The Owner's withholding of payments due on numerous invoices is without legitimate basis and is in direct contravention of the terms of the Agreement.

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Consequently, pursuant to Section 8.4(c) of the Agreement, this shall constitute Stone & Webster's first notice of Owner's failure to pay the following invoices by their due date:

Invoice No.	Due Date	Amount
1529816-R8-00360	8/29/2013	\$ 52,473
1794841-R8-00360	7/25/2014	\$ 26,564,853
1798659-R8-00360	7/31/2014	\$ 571,526
1832044-R8-00360	8/28/2014	\$ 2,440,778

In the event that the Owner fails to pay such amounts within seven (7) Days of its receipt hereof, Stone & Webster will proceed to exercise its rights in accordance with the terms of the Agreement.

In addition, pursuant to Section 8.4(c) of the Agreement, this shall constitute Stone & Webster's second notice of Owner's failure to pay the following invoices by their due date:

Invoice No.	Due Date	Amount
1602383-R8-00360	12/1/2013	\$ 360,549
1620649-R8-00360	12/26/2013	\$ 15,984
1646382-R8-00360	1/30/2014	\$ 80,333
1669753-R8-00360	2/27/2014	\$ 85,101
1697884-R8-00360	3/27/2014	\$ 116,675
1716927-R8-00360	4/24/2014	\$ 46,713
1756516-R8-00360	5/26/2014	\$ 20,072

In the event that the Owner fails to pay these invoices within fifteen (15) Days of the Owner's receipt of this letter, Owner is advised that in accordance with Section 8.4(c) of the Agreement, "If Owner fails to make payment of the undisputed amount due within fifteen (15) Days following its receipt of this second notice, Contractor has the right to suspend performance of the Work as if Owner had ordered a suspension in accordance with Section 22.1." The Consortium expressly reserves its right to do so along with exercising its rights under Section 22.5 to terminate the Agreement and any other remedy available to it.

If you have any questions, please feel free to contact Charlie White at (980) 321-8588 or the undersigned.

Sincerely,

JEFF CONARD FOR

Jeff Coward for

JoAnne W. Hyde  
Consortium Commercial Director  
Westinghouse Electric Company LLC

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LAV/SNM/JLC/cef

cc: Ronald A. Jones – SCE&G  
Alan D. Torres – SCE&G  
Carlette Walker – SCE&G  
Robert B. Stokes – SCE&G  
April Rice – SCE&G  
David Lavigne – SCE&G  
Larry Cunningham – SCE&G  
Roosevelt Word – SCE&G  
Ken Browne – SCE&G  
Al Bynum – SCE&G  
Guy Bradley – SCE&G  
Marion Cherry – SCE&G  
Christopher Levesque – Westinghouse  
Joel Hjelseth – Westinghouse  
Daniel Churchman – Westinghouse  
Daniel Magnarelli – Westinghouse  
Brian McIntyre – Westinghouse  
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Dale Garrison – CB&I Stone & Webster  
Brian Hobbs – CB&I Stone & Webster  
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